

HSBC IO 2021 – Q4 Review**Jonathan Sparks Video**

Alongside a core investment portfolio, it's also important to have exposure to some key investment themes.

We've isolated four strong trends with each one covering a number of high conviction themes.

I'll now delve into one theme from each trend.

We've long had a focus on gender diversity, but now we broaden the theme to include a greater range of diversity and inclusion, as well as other social issues.

Healthcare inequality during the pandemic has been considerable, with almost nine tenths of vaccines having gone to G20 countries.

The pandemic has also been hard on the most vulnerable in society too.

Governments will therefore need to continue to invest in healthcare for more resilience in the future, but also to address these inequalities.

This matters to investors, because consumers and employees have become increasingly conscious of inequalities and diversity, meaning the companies that can earn their confidence can operate on stronger foundations.

And as analysis of gender equality within firms has shown, those companies with greater diversity within decision makers can outperform.

In addition to healthcare we see opportunities across a wide range of other social topics, including nutrition, education and access to clean water and sanitation.

Following the pandemic, several governments have turned to infrastructure to help build on the recovery.

This should create jobs and lift economic growth.

Spent well, infrastructure can easily pay for itself and more through increased productivity.

In infrastructure 2.0 we look at infrastructure for the digital age.

This is where the focus isn't just on roads and bridges, but also the next generation technologies and better communication networks or in automation or even in artificial intelligence.

This must also be done through the lens of sustainability, with the US infrastructure plan focusing on electric vehicle charging points and improving the electricity grid.

Renewable energy will also play a pivotal part in this with the US, Europe and China all doubling down on their efforts to provide the infrastructure to generate lower carbon energy.

We must be switched on to those companies that can gain either directly or indirectly through better digital and physical infrastructure.

As the vaccine rollout continues in Asia, we expect consumption to strengthen, but this theme goes deeper than just a cyclical rebound in Asia as it taps into the emerging world with the growing middle classes, even with potential outbreaks of Covid policy measures to provide better welfare and promote financial inclusion should help kick-start household consumption, which is already in a relatively healthy position, given the excess savings amassed during the pandemic.

In China, policies are aimed at supporting small businesses, which provide the majority of jobs in urban areas, as well as improving welfare, tackling higher living expenses such as housing.

This should provide opportunities for domestic brands, high end goods, as well as consumer services, some parts of healthcare too, and in financial services that cater to those with emerging wealth.

We believe the conditions are now ripe for an acceleration in the way technology is applied to travel.

And we tap into this through our smart mobility theme.

Under the car bonnet there have been major technological innovations, but now additionally, governments are very serious about building the infrastructure to support the push for electric vehicles.

The next generation of transport will change the way it's powered, controlled, but also how people interact with it.

Basically, it's becoming smarter.

These developments come at a critical time, given the climate concerns, but also help tackle the issues of pollution and congestion in urban areas.

Therefore, doing nothing is not really an option for governments, corporations and the public.

This will require our transport systems to become smarter, more efficient and decarbonize with a shift to zero emission transportation, such as electric vehicles.